

LAW OFFICES
ANDREW P. GOLDSTEIN

RECORDATION NO. 14567 F FILED 1488

JUL 13 1989 - 12 05 PM

INTERSTATE COMMERCE COMMISSION

1200 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20036
(202) 331-8277
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9-194A012

July 13, 1989

Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, DC 20423

Attention: Mildred Lee.

Dear Ms. Lee:

Enclosed for filing and recordation with the Commission are an original and one counterpart of the document described below to be recorded pursuant to Section 11303 of the Interstate Commerce Act, 49 U.S.C. Sec. 11303.

This document is a SECURITY AGREEMENT AND ASSIGNMENT OF LEASE, including an ASSIGNMENT OF MANAGEMENT AGREEMENT, dated as of July 13, 1989 between CIS Capital Equipment Fund, Ltd. and Oesterreichische Laenderbank. The primary document to which this document is connected is Recordation No. 14567.

The names and addresses of the parties to this document are as follows:

CIS Capital Equipment Fund, Ltd. 2, a California
Limited Partnership
c/o GeoVest, Inc.
880 Carrillon Parkway
St. Petersburg, FL 33716

Oesterreichische Laenderbank, Grand Cayman Branch
767 Fifth Avenue
New York, NY 10153

Greenbrier Leasing Corporation
One Centerpointe Drive
Lake Oswego, OR 97035

Companion

Laender

assignor

JUL 13 1 59 PM '89
MOTOR CARRIER DIVISION

Countertop Fund 2 Cash

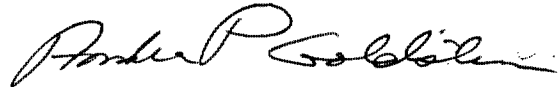
The equipment covered by this document are 80 100-ton gondola cars, bearing car marks WVCX-2000-WVCX-2079.

This document should be cross-indexed to Recordation No. 14992.

This document should be indexed as: Security Agreement and Assignment of Lease, including an Assignment of Management Agreement, dated as of July 13, 1989, between CIS Capital Equipment Fund, Ltd. 2 and Oesterreichische Laenderbank, Grand Cayman Branch, pertaining to 80 gondola cars.

A check in the amount of \$13.00 is enclosed for the requisite filing fee.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Andrew P. Goldstein". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrew P. Goldstein
Attorney for
Oesterreichische Laenderbank,
Grand Cayman Branch

Enclosures

APG/rmm

14567 F
RECORDED NO. _____ FILED 1456

JUL 13 1989 -12 05 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND
ASSIGNMENT OF LEASE

Between

CIS CAPITAL EQUIPMENT FUND, LTD. 2

and

OESTERREICHISCHE LAENDERBANK
GRAND CAYMAN BRANCH

RELATING TO EIGHTY (80) 100-TON
SOLID BOTTOM WOODCHIP RAILROAD GONDOLA CARS

Dated as of July 13, 1989

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SECURITY AGREEMENT AND
ASSIGNMENT OF LEASE

THIS SECURITY AGREEMENT AND ASSIGNMENT OF LEASE (the "Agreement") dated as of the 13th day of July, 1989 by and between CIS Capital Equipment Fund, Ltd. 2, a California limited partnership having offices c/o Partnership Administration, 880 Carrillon Parkway, St. Petersburg, Florida 33716 (the "Borrower"), and Oesterreichische Laenderbank, Grand Cayman Branch, an Austrian corporation having offices at 767 Fifth Avenue, New York, New York 10153 (the "Lender");

W I T N E S S E T H:

WHEREAS, Borrower is the registered owner of, and owns all right, title and interest in and to eighty (80) all steel 100-ton solid bottom woodchip railroad gondola cars each of which having a cubic capacity of 7,452 cubic feet and identified as WVCX 2000 through 2079 (such railroad cars are hereinafter sometimes individually called the "Car" and collectively called the "Cars"); and

WHEREAS, the Cars are currently leased by Westvaco Corporation ("Lessee") from Borrower pursuant to that certain Railroad Equipment Lease dated as of September 20, 1984 entered into between Greenbrier Leasing Corporation ("Greenbrier") and Lessee, as amended and supplemented by that certain Amendment and Supplement to Railroad Equipment Lease entered into by Greenbrier and Lessee dated as of December 31, 1985 (hereinafter collectively referred to as the "Lease Agreement") recorded with the Interstate Commerce Commission ("ICC") on February 4, 1985 and assigned recordation No. 14567 and subsequently assigned by Greenbrier to Borrower pursuant to that certain Assignment and Assumption Agreement entered into between Greenbrier and Borrower dated as of August 10, 1988 (the "Assignment and Assumption Agreement") a memorandum of which was recorded with the ICC on August 10, 1988 and assigned recordation No 14567-D; and

WHEREAS, Borrower has entered into that certain Equipment Management Agreement with Greenbrier dated as of August 10, 1988 (the "Management Agreement") wherein Greenbrier agreed to provide, among other things, certain management services and indemnifications with respect to the Cars and to perform all obligations of Borrower under the Lease Agreement which are not normally performed by lessors under "triple net" leases of railroad gondola cars; and

WHEREAS, subject to the terms and conditions of this Agreement, Lender has agreed to make a loan to Borrower in the principal amount of One Million Twenty Six Thousand Three Hundred Forty Dollars (\$1,026,340.00) (the "Loan"), in accordance with the terms and conditions set forth in that certain loan agreement of even date herewith (the "Loan Agreement") which shall be evidenced by a note to be entered into by Lender and Borrower in the principal amount of the Loan (the "Note"); and

WHEREAS, Borrower desires to assign to Lender the Lease Agreement, insofar as it relates to the Cars and subject to the terms and conditions hereof, Lender desires to accept such assignment and Lessee desires to consent to such assignment; and

WHEREAS, in accordance with the terms of this Agreement and as security for the obligations of Borrower under the Loan Agreement, Borrower is desirous of granting to Lender a first priority security interest in the Cars; and

NOW, THEREFORE, in order to induce Lender to enter into the Loan Agreement and provide the funds to the Borrower therein set forth, and in order to secure the prompt payment of all indebtedness and the due performance and due observance of any and all agreements and covenants under the this Agreement, the Loan Agreement and the Note, Borrower and Lender hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in the Lease Agreement and the Loan Agreement.

SECTION 1.02. The General Partner shall mean the general partner of Borrower, CIS Investors Partnership, a Florida general partnership, whose general partners are CIS Equipment Management Corporation, a Delaware corporation and a wholly-owned subsidiary of Continental Information Systems Corporation, a debtor and debtor-in-possession under the provisions of Chapter 11 of the United States Bankruptcy Code, and RJ Leasing, Inc., a Florida corporation and a wholly-owned subsidiary of Raymond James Financial, Inc.

SECTION 1.03. The Limited Partners shall mean the limited partners of Borrower.

SECTION 1.04. Taxes shall mean any and all sales, use, personal property, ad valorem, value added, stamp, interest equalization, income, gross receipts, or other taxes, fees, withholdings, imposts, levies, customs or other duties, or other charges of any nature, together with any penalties, fines, or interest thereon, imposed, levied, or assessed by, or otherwise payable to, any governmental entity except Taxes imposed upon or measured by the net income of the Lender, taxes in lieu of net income or franchise taxes on Lender.

SECTION 1.05 Assigned Rent shall mean the "Daily Rent," "Initial Fixed Rent," "Second-Half Fixed Rent," "Fixed Rent," as each of such terms are defined in the Lease Agreement plus those sums payable under Sections 11, 18, 20 and 21(B)(b) of the Lease Agreement.

ARTICLE II

ASSIGNMENT OF LEASE AND MANAGEMENT AGREEMENT

SECTION 2.01. Assignment of Lease Agreement. As of the date hereof, Borrower hereby irrevocably sells, assigns, transfers and conveys to Lender as security for the "Obligations" as defined in Article III hereof a first priority security interest in all right, title, and interest of Borrower in and to the Lease Agreement, insofar as it relates to the Cars, subject to Section 2.04 hereof, together with all rights, powers, privileges and other benefits of Borrower pursuant to the Lease Agreement, insofar as it relates to the Cars, including, without limiting the foregoing, all right, title, and interest of Borrower as lessor under the Lease Agreement, the immediate right to receive and collect all rentals, profits, payments, awards, insurance proceeds and all other sums payable to or receivable by Borrower from the Lessee under the Lease Agreement, insofar as it relates to the Cars, including but not limited to the Assigned Rent, the right to make all waivers, consents, and agreements, to give and receive all notices and instruments, and to do all other things which Borrower is or may become entitled to do as Lessor under the Lease Agreement, subject in each case to Borrower's rights under Section 3.04 hereof. Borrower acknowledges and agrees that, subject to the provisions of Section 9F of the Lease Agreement, Borrower's assignment of any and all of the foregoing sums pursuant to the Lease Agreement shall be unconditional and not subject to any right of setoff or counterclaim that Borrower may have under the Lease Agreement.

SECTION 2.02. Assignment of Management Agreement. As of the date hereof, Borrower hereby irrevocably sells, assigns, transfers and conveys to Lender as security for the "Obligations" as defined in Article III hereof, a first priority security interest in all right, title and interest of Borrower in and to the Management Agreement insofar as it relates to the Cars together with all rights, powers, privileges and other benefits of Borrower pursuant to the Management Agreement insofar as it relates to the Cars. As used hereinafter the term "Management Agreement" shall mean the Management Agreement insofar as it relates to the Cars as same is amended, supplemented, revised, replaced, extended, renewed or replaced with Greenbrier or any other third party provided that any such revision, replacement, extension, renewal or replacement with Greenbrier or any other third party is subject to Lender's prior written approval, which approval shall not be unreasonably withheld or delayed. Accordingly, as used hereinafter, the term "Greenbrier" shall mean Greenbrier or any third party who replaces Greenbrier in accordance with the foregoing sentence.

BUT EXCLUDING however from the property, rights and privileges subject to Section 2.01 and Section 2.02 hereof all (i) payments paid or payable by Lessee to or in respect of Borrower pursuant to

Section 9, 12 and 14 of the Lease Agreement, (ii) proceeds of public liability insurance in respect of the Cars payable as a result of insurance claims made, or losses suffered, by Borrower, (iii) all property, claims, powers, remedies, rights and privileges insofar as they relate to forty (40) railroad gondola cars covered by the Lease other than the Cars, (iv) indemnity payments paid or payable by Greenbrier with respect to claims made or losses suffered by Borrower pursuant to Article VI of the Management Agreement (except with respect to damage to the Collateral (if such damage constitutes an Event of Loss or if an Event of Default shall have occurred and be continuing) and Lender's right to receive the Assigned Rent), (v) any additional rental payments that Lessee may agree to pay after the 60th month of the Initial Term (as defined in the Lease Agreement) in the event that Lessor agrees to assume responsibility for the maintenance, repair, taxes or insurance on the Cars, and (vi) any right to enforce the payment of any amount described in clauses (i) through (v) above (collectively, the "Excepted Property").

SECTION 2.03. No Assumption by Lender. Anything contained herein or in the Lease Agreement to the contrary notwithstanding: (a) Borrower shall at all times remain liable to Lessee under the Lease Agreement to perform all Borrower's duties and obligations as lessor thereunder to the same extent as if this Agreement had not been executed, including but not limited to making all payments due under Section 7 of the lease Agreement; (b) the exercise by Lender of any of the rights assigned to it hereunder shall not release Borrower from any of its duties or obligations under the Lease Agreement; and (c) Lender shall not have any obligations or liability under the Lease Agreement by reason of, or arising out of, this Agreement, or be obligated to perform any of the obligations or duties of Borrower under the Lease Agreement or to make any payment or any inquiry as to the sufficiency of any payment received by it or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder, or to pay or to see to the payment of or to make any filings in respect of any taxes levied on or with respect to the Lease Agreement, the rental thereunder, or the Cars.

SECTION 2.04. Lender's Acknowledgement. Notwithstanding anything contained in Articles II or III to the contrary, Lender acknowledges that (except with respect to Assigned Rent and other payments and proceeds with respect to the Cars) it is receiving an undivided security interest in Borrower's rights and remedies under the Lease Agreement and Management Agreement insofar as such agreements relate to the Cars and that (except with respect to Assigned Rent and other payments and proceeds insofar as they relate to forty (40) other railroad gondola cars under the Other Loan as defined in Section 6.01(c) hereof) Borrower is simultaneously assigning to Lender an undivided security interest in the same Lease Agreement and Management Agreement under the Other Loan insofar as they relate to the 40 Cars without priority

of one security interest over the other. Lender acknowledges that neither the Lease Agreement nor the Management Agreement is divisible and that the rights and remedies of Borrower under the Lease Agreement and the Management Agreement, as the case may be, may not be enforced by Lender except as holder of all rights to the Lease Agreement and the Management Agreement, as the case may be, in their undivided entirety.

ARTICLE III

COLLATERAL SECURITY

SECTION 3.01. Grant of Security. As security and collateral for the payment when due of any and all indebtedness of Borrower to Lender under the Loan Agreement, this Agreement and the Note (collectively, the "Obligations") Borrower hereby transfers, assigns, and sets over to Lender and grants a first priority security interest in the following (collectively, the "Collateral") subject to the rights of the Lessee under the Lease Agreement and subject to Section 2.04 hereof:

(a) All right, title, and interest of Borrower in and to (i) the Cars; (ii) each and every part whether or not the same shall be or remain incorporated or installed in or attached to any portion of the property referred to in clause (i) above; and (iii) all estates, interests, rights, powers, and privileges of Borrower in respect of the foregoing;

(b) All right, title, and interest of Borrower in and to all claims, rights, powers, privileges, and remedies on the part of Borrower with respect to the Cars, whether arising under the Lease Agreement, the Management Agreement or y statute, at law, in equity, or otherwise, after any event of default under the Lease Agreement, the Management Agreement, or any event or condition which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Lease Agreement;

(c) All right, title, and interest of Borrower in and to all proceeds to the extent of the Obligations from the sale, loan, exchange, lease, or other disposition of any of the Cars including, without limitation, proceeds of involuntary dispositions of the foregoing including any insurance proceeds;

(d) All right, title and interest of Borrower in and to any indemnification rights under Article VI of the Management Agreement insofar as such rights relate to the Cars.

BUT EXCLUDING however, from the property rights and privileges subject to these Granting Clauses, all Excepted Property.

TO HAVE AND TO HOLD the Collateral unto Lender, its successors and assigns, as security, for (1) the due and punctual payment in full to Lender and its successors and assigns of all amounts due under the Loan Agreement, the Note and/or this Agreement (the Loan Agreement, the Note and this Agreement are sometimes hereinafter collectively referred to as the

"Agreements"), (ii) all reasonable costs and expenses of foreclosure with respect to indebtedness evidenced by or arising under the Agreements, including, without limitation, all reasonable attorneys' fees, disbursements and court cost and other costs and expenses expended or incurred by Lender and its successors and assigns under or pursuant to the Agreements in connection with the discovering, locating, satisfying liens and charges on, protecting, taking possession of, preparing for sale or selling the Collateral or any part thereof (including, without limitation, the costs of repairing, rehabilitating and storing the Collateral or any party thereof), and (iii) the timely and faithful performance and observance by Borrower of all of the agreements and covenants undertaken by it under the Agreements, including without limitation the payment of the amounts due to Lender under the Loan Agreement and the Note.

PROVIDED HOWEVER, that, these presents and the assignment pursuant to Article III are subject to the condition that, if Borrower shall pay or cause to be paid in full the principal of and interest due under the Note, and all other sums, together with accrued interest thereon, which may be due and payable by Borrower to Lender under and in accordance with the Agreements, then this Agreement shall terminate and shall be of no further force and effect, at which time Lender shall execute and deliver to Borrower, at the expense of Borrower, such instruments of satisfaction and discharge as may be reasonably requested to reflect such termination and to release from the Collateral, the Management Agreement and the Lease Agreement any lien, charge, encumbrance, or other interest of Lender (without, however, being under any duty to cause such instruments to be filed or recorded in the public records wherein this Agreement or any other documents securing Lender's interest in the Collateral shall have been filed and/or recording); otherwise this Agreement shall be and remain in full force and effect.

SECTION 3.02. Moneys Held in Trust. Borrower agrees that any sums paid to Borrower by Lessee pursuant to the Lease Agreement which constitute Collateral (but excluding Excepted Property) shall be deemed to be held in trust for Lender and all such sums shall be paid immediately to Lender by Borrower. Lender agrees to hold in trust for Borrower any payments that Lender receives with respect to the Excepted Property and shall pay any such sums immediately to Borrower. Additionally, any Assigned Rent or any other rental payments under any "New Lease" (as that term is defined in Section 9.02 hereof) or any loss proceeds received by Lender that, in the aggregate, exceed the outstanding principal of and accrued interest on the Loan shall be paid immediately by Lender to Borrower upon Borrower's repayment in full of all principal, interest and any other sums due and owing hereunder.

SECTION 3.03. Protection of Collateral. To preserve and protect the security interest in and to the Collateral afforded

Lender by this Agreement, Borrower hereby agrees:

(a) To comply with and promptly and fully perform and exercise each and every duty, covenant and condition required to be performed by lessor under the Lease Agreement and to keep the Lease Agreement in full force and effect so as to insure that Lender is fully afforded all privileges, powers and immunities of lessor under the Lease Agreement, including but not limited to the timely receipt of the Assigned Rent; it being expressly understood that so long as the Management Agreement is in full force and effect, Greenbrier shall manage the Cars and all Borrower's obligations under the Lease shall be performed by Greenbrier, and Lender shall look solely to Greenbrier for the performance of such obligations for so long as the Management Agreement is in effect.

(b) To perform and comply with each and every term of this Agreement to be performed by or complied with by Borrower.

(c) Unless the prior written consent (such consent not to be unreasonably withheld) of Lender is obtained, except with respect to Excepted Property and except as provided in Section 3.04 Borrower shall not waive, amend, modify, or in any way alter any of the terms of the Lease Agreement, or cancel or terminate the Lease Agreement or consent to or accept any cancellation, termination, or surrender thereof, or waive any default under or breach of the Lease Agreement, or consent to or accept any prepayment of Assigned Rent under the Lease Agreement or agree to any discount of Assigned Rent thereunder, or give any other consent or notice (other than a notice with respect to a default under the Lease Agreement or immaterial notices which do not affect Borrower's rights under the Lease Agreement) or make any agreement with Lessee with respect to the Lease Agreement.

(d) After the Note has been declared by Lender to be due and payable as a result of the occurrence of an Event of Default (as defined in Section 6.01 below) Lender may (but shall not be obligated to) without prior notice to or demand on Borrower, and without releasing Borrower from any obligation herein, make or do any payment or take such actions which Borrower has failed to make or do as required by this Agreement in such manner and to such extent as Lender may reasonably deem necessary or advisable to preserve and protect the Collateral, or to collect the Assigned Rent or any other monies due pursuant to the Lease Agreement insofar as it relates to the Cars and insofar as such Assigned Rent and other monies constitute Collateral (but excluding any Excepted Property) including, without limiting Lender's general powers, the right to appear in and defend any action or proceeding purporting to affect the security interest in the Collateral or the rights or powers of Lender hereunder, and the right to

perform and discharge each and every obligation, covenant, and agreement of Borrower contained in the Lease Agreement insofar as it relates to the Cars; and in exercising any such powers, Lender may incur all reasonable costs and expenses of foreclosure with respect to indebtedness evidenced by or arising under the Agreements, including, without limitation, all reasonable attorneys' fees, disbursements and court costs and other costs and expenses expended or incurred by Lender and its successors and assigns under or pursuant to the Agreements in connection with the discovering, locating, satisfying liens and charges on, protecting, taking possession of, preparing for sale or selling the Collateral or any party thereof, (including, without limitation, costs of repairing, rehabilitating and storing the Collateral or any party thereof). Upon the taking any action pursuant to the provisions of this Section 3.04(d), Lender shall give Borrower written notice thereof forthwith.

(e) Borrower agrees that it will use its best efforts to assist Lender in verifying the location and condition of the Cars and that Lender may at any reasonable time during ordinary business hours at its option, whether or not Borrower is in default, inspect the books and records of Borrower which relate to the Cars and make copies thereof or extracts therefrom, which inspection shall be reasonably related to the transactions contemplated hereunder.

(f) Borrower shall not directly or indirectly create, incur, assume, or suffer to exist any lien attributable to Borrower on or with respect to the Cars, title thereto, or any interest therein or in the Lease Agreement except (i) the Lease Agreement and the Lessee's rights thereunder, (ii) the security interests created by this Agreement, and (iii) the "Liens" permitted by Section 5.02(1) hereof.

SECTION 3.04. Certain Rights of Borrower. Notwithstanding any other provisions of this Agreement, including Articles II and III,

(i) Borrower, to the exclusion of Lender, may exercise all rights, powers and privileges under, or with respect to, and may consent to or approve or negotiate any matter subject to the consent, approval or satisfaction of Lessor referred to in Section 18 (but only insofar as it relates to the surrender of the Cars upon the expiration of the Initial Term only) and 21A of the Lease Agreement; provided, that nothing herein shall be deemed to permit Borrower to amend, modify or otherwise alter any of such Sections except in accordance with Section 3.03(c) hereof;

(ii) at all times Borrower shall have the right, to the exclusion of Lender, to receive and enforce the payment of

all amounts of Excepted Property due and payable to Borrower;

(iii) Borrower, to the exclusion of Lender, and subject to Section 10.01 hereof, may negotiate with Lessee in its sole discretion regarding the continued maintenance of the Cars after the first 60 months of the Initial Term pursuant to Section 9B of the Lease Agreement and may amend the Lease Agreement without Lender's consent to provide for additional rental payments by Lessee in the event that Borrower assumes responsibility for maintenance, repair, taxes or insurance of the Cars during the last 60 months of the Initial Term, it being understood that any such additional rental payments shall constitute "Excepted Property", provided that nothing herein shall be deemed to permit Borrower to amend, modify or otherwise alter any other provisions of the Lease Agreement except in accordance with Section 3.03(c) hereof;

(iv) Borrower shall have the nonexclusive right, as Lessor, to seek specific performance of the covenants of Lessee under the Lease Agreement relating to the protection of the Cars; and

(v) the exercise of all other rights, powers and privileges of Lessor under or with respect to the Lease Agreement shall be exercised by Lender and Borrower acting jointly in accordance with Section 3.03(c) so long as no Event of Default has occurred and is continuing provided, however, that, except in the case of Excepted Property, Lender shall have the right, to the exclusion of Borrower to the extent provided in this Agreement to receive payments, and enforce the Lessee's obligation to make payments, under the Lease Agreement; and

(vi) Lender agrees that it will not waive, amend, modify or in any way alter the terms of the Lease Agreement without Borrower's consent, except that Lender may waive defaults of Lessee under the Lease Agreement from time to time and at any time without Borrower's consent after an Event of Default has occurred and is continuing hereunder, subject to Section 6.08 hereof.

(vii) any other matter referred to in the Lease Agreement as requiring or being subject to the consent, approval or satisfaction of Lessor shall be consented to by, approved by or satisfactory to Lender and borrower acting jointly in accordance with Section 3.03(c) so long as no Event of Default has occurred and is continuing;

(viii) Borrower may at any time not to the exclusion of Lender receive from the Lessee all notices, reports, copies of all documents and all information which Lessee is permitted to require or give or furnish to Lessor

pursuant to the Lease Agreement and inspect the Cars pursuant to Section 23 of the Lease Agreement;

(ix) Lender agrees that for so long as no Event of Default has occurred and is continuing hereunder, Borrower shall be the sole party entitled to exercise all rights and conduct all dealings with Greenbrier under the Management Agreement, and that if Greenbrier fails to perform any of its obligations under the Management Agreement, Borrower may perform such obligations, but it shall not be obligated to do so.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of General Partner and Borrower. Each of the General Partner, each general partner of the General Partner and Borrower hereby jointly and severally represent and warrant as of the date of execution hereof and as of the date hereof that:

(a) Borrower is a limited partnership, validly existing and in good standing under the laws of the State of California, and is duly qualified to do business and in good standing in each jurisdiction in which the ownership or leasing of any property or the character of its operations makes such qualification necessary or in which the failure to so qualify could have a material adverse effect on the condition (financial or otherwise), properties, assets, business or results of operations of Borrower. Each of the General Partner and the Borrower has all requisite power and authority to execute and deliver and to perform its obligations under this Agreement, the Note, and the Loan Agreement and to conduct its business and to own its properties;

(b) The execution, delivery and performance by Borrower of this Agreement, the Note, the Loan Agreement have been duly authorized by all necessary partnership action, and does not and will not (i) require any consent or approval of the General Partner or Limited Partners of Borrower, (ii) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Borrower, (iii) violate or contravene the Amended and Restated Limited Partnership Agreement or Certificate of Limited Partnership of Borrower or violate or contravene the general partnership agreement of the General Partner, (iv) result in a breach of or constitute a default under any indenture or loan or credit agreement to which Borrower or the General Partner or any general partner of the General Partner is a party or by which it or its properties may be bound or affected;

(c) This Agreement, the Note and the Loan Agreement constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, subject, as to enforceability, to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally;

(d) Except for the filing of this Agreement with the ICC and the filing of financing statements to secure Lender's

interest in the Collateral, Lease Agreement and the Management Agreement, no authorization, consent, approval or license of or from any federal, state, or municipal court or federal, state or local governmental department, commission, board, bureau, agency or official, domestic or foreign, is necessary to the valid execution, delivery or performance by Borrower of this Agreement, the Note or the Loan Agreement;

(e) Each of the Assignment and Assumption Agreement and the Management Agreement have been duly authorized, executed and delivered by Borrower and, assuming the due authorization, execution, and delivery thereof by any other party thereto, constitute legal, valid, and binding agreements of Borrower enforceable against Borrower in accordance with their respective terms and, to its knowledge, the Lease Agreement is a legal, valid, and binding obligation of Lessee, assuming due authorization, execution, and delivery by Lessee, enforceable in accordance with the terms subject to applicable bankruptcy, insolvency, moratorium and other laws affecting the rights of creditors generally, general principles of equity and applicable laws which may affect the remedies provided therein;

(f) Each of the Management Agreement and the Lease Agreement are in full force and effect with respect to Borrower, and to the best of Borrower's knowledge there does not exist any condition, event or act which has occurred and is continuing or with the giving of notice or lapse of time or both would constitute or result in a default under the Management Agreement or the Lease Agreement.

(g) The chief executive offices and principal place of business of Borrower is located in the town of St. Petersburg, in the county of Pinellas, and in the state of Florida;

(h) Borrower has good title to the Cars, free and clear of all mortgages, deeds of trust, liens, security interests and other charges or encumbrances attributable to Borrower, the General Partner and each of the general partners of the General Partner and each of the general partners of the General Partner, except for those created by this Agreement and the Lease Agreement and those of the type permitted by Section 5.02(1) hereof and has the full power and authority to grant a lien and security interest in the Cars in the manner aforesaid;

(i) Lessee has paid Borrower on a timely basis all Fixed Rent due and owing with respect to the Cars for the past eight (8) months and has paid all other sums due and owing under the Lease Agreement for the past eight (8) months on a timely basis;

(j) To the best of its knowledge, Greenbrier has performed all of its obligations in a timely fashion under the Management Agreement, including but not limited to all of its obligations under Article III of the Management Agreement.

(k) There are no actions, suits, or proceedings pending or, to the knowledge of Borrower, threatened, before any court, administrative agency, arbitrator, or governmental body with respect to Borrower, the General Partner or either of the general partners of the General Partner, which if determined adversely to Borrower would materially adversely affect the ability of the Borrower to perform its obligations under the Agreements;

(l) None of Borrower, the General Partner, or the general partners of the General Partner is in default under any indenture, mortgage, contract, or other agreement or instrument to which it is a party or by which it or its property is bound;

(m) Each Borrower, the General Partner and each of the general partners of the General Partner has filed or caused to be filed all Federal, state, local and foreign tax returns which are required to be filed and have paid or caused to be paid all taxes shown to be due and payable on such returns (except to the extent being contested in good faith and for the payment of which adequate reserves have been provided in accordance with generally accepted accounting principles and practices consistently applied) or on any assessment received by Borrower, to the extent that such taxes have become due and payable; and adequate reserves for the payment of all income tax liability (including any interest and penalties thereon) applicable to all fiscal years since Borrower's formation have been provided by Borrower in accordance with generally accepted accounting principles and practices consistently applied;

(n) No document furnished to Lender by Borrower, the General Partner, or either of the general partners of the General Partner in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein not misleading;

(o) Borrower, the General Partner, or either of the general partners of the General Partner is not a party to any agreement or instrument or subject to any other restriction which individually or in the aggregate will materially adversely affect Borrower's financial condition, business or operations or will materially adversely affect the ability of the Borrower to perform its obligations under any of the Agreements;

(p) As of the Closing Date, this Agreement creates valid security interests in favor of Lender in the Collateral, subject to the rights of the Lessee under the Lease Agreement;

(q) Borrower, at its own expense, shall keep the Cars at all times registered in the name of Borrower in accordance with the rules and regulations of the ICC and will not at any time register the Cars under the laws of a foreign country, which obligations Lender hereby recognizes is the obligation of Greenbrier under the Management Agreement and Lender agrees to look solely to Greenbrier therefor as so long as the Management Agreement is in effect;

(r) The Lease Agreement, as annexed hereto as Exhibit A, is complete, true and correct, with not other amendments or modifications. There are no subleases under, or subsequent assignment of the Lease Agreement except that the Lease Agreement has been assigned as security pursuant to the "Other Loan" as defined in Section 6.01(c) hereof;

(s) The Management Agreement, as annexed hereto as Exhibit B, is complete, true and correct, with no other amendments and modifications. There are no subsequent assignments of the Management Agreement except that the Management Agreement has been assigned as security pursuant to the "Other Loan" as defined in Section 6.01(c) hereof.

ARTICLE V

COVENANTS

SECTION 5.01 Affirmative Covenants. Each of Borrower, the General Partners and each of the general partners of the General Partner jointly and severally agree that so long as there shall remain unpaid any principal or interest due under the Loan Agreement or the Note or there shall be due and payable any amounts under this Agreement, the following covenants shall remain in effect:

(1) Payment of Amounts Due. Borrower shall pay promptly, or cause to be paid promptly, when the same shall become due and payable (whether at maturity, acceleration, or otherwise) and in the manner and to the extent required by the Agreements, all installments of principal and interest in the Note and all other sums required to be paid under the Agreements.

(2) Filing and Recording, etc. Borrower shall, at its own expense, cause any and all additional instruments which shall be executed pursuant to the terms hereof, including without limitation all ICC filings, all UCC-1 and/or UCC-3 financing statements, security agreement supplements and supplements hereto subjecting hereto any Collateral to be filed and recorded, at all times, in such places as Lender may request (except that any filing or recording in the state of Florida shall be at Lender's expense), in order to perfect and preserve the rights of Lender hereunder or other satisfactory evidence of each such filing and recordation and, without limitation of any of the foregoing to execute, acknowledge and deliver such further agreements, instruments and documents, and do such further acts as may reasonably be required by Lender to more effectively carry out the intent and purpose of this Agreement and to subject to the security interest created hereby any of the Collateral herein intended to be subjected thereto, and do or cause to be done any and all other acts and things which may be reasonably required by Lender to perfect and preserve the rights of Lender hereunder, including, but not limited to, defense of the title of Borrower to the Collateral and any part thereof, by means of negotiation and, if necessary, appropriate legal proceedings, against every party claiming the same by, through or under Borrower or otherwise.

(3) Performance. Borrower shall perform all of its obligations under the Agreements and the Lease Agreement so as to maintain the Lease Agreement in full force and effect without defaults by Borrower thereunder; it being expressly

understood that so long as the Management Agreement is in full force and effect, all Borrower's obligations under the Lease shall be performed by Greenbrier, and Greenbrier shall manage the Cars and Lender shall look solely to Greenbrier for the performance of such obligations for so long as the Management Agreement is in effect.

(4) Maintenance of ICC Registration. Borrower shall maintain any requisite registration with respect to the cars under the Interstate Commerce Act (the "Act"); it being agreed and understood that so long as the Management Agreement is in full force and effect, all Borrower's obligations pursuant to this Section 5.01(4) shall be performed by Greenbrier, and Lender shall look solely to Greenbrier for the performance of such obligations for so long as the Management Agreement is in effect.

SECTION 5.02. Negative Covenants. So long as this Agreement remains in effect:

(1) Neither Borrower, or any affiliate of Borrower (including but not limited to the General Partner and any general partner of the General Partner), shall directly or indirectly create, incur, assume, guarantee, suffer to exist or in any other manner become directly liable for any mortgage, pledge, security interest, lien, charge, encumbrance or claim (being referred to herein as "Liens") with respect to the Collateral, title thereto or any interest therein arising out of claims against Borrower, the General Partner or either of the general partners of the General Partner or directly or indirectly suffer to exist any Liens with respect thereto arising out of claims against the Borrower, except (a) the rights of Lender provided in the Agreements, (b) liens for (i) Taxes, assessments or other governmental charges or levies, not delinquent and liens for taxes, assessments or other governmental charges or levies which are in good faith (and for the payment of which appropriate reserves have been provided in accordance with generally accepted accounting principles consistently applied) being contested or litigated by appropriate proceedings so long as such proceedings do not involve any present danger of the sale, forfeiture or loss of the Cars, or any interest therein, and (ii) liens for Taxes, assessments or other governmental charges which are the obligation of Greenbrier under the Management Agreement and Lender agrees to look solely to Greenbrier therefor as long as the Management Agreement is in effect, (c) (i) mechanics', carriers', workmen's, repairmen's or other like liens arising in the ordinary course of business relating to the Cars and railroad cars in general for amounts the payment of which either is not yet delinquent, or which are in good faith (and for the payment of which appropriate reserves have been provided) being contested or litigated by proceedings so long

as such proceedings do not involve any present danger of the sale, forfeiture or loss of the Cars, or any interest therein, and (ii) such mechanics', carriers', workmen's, repairmen's or other like liens attributable to Greenbrier which Lender recognizes are the obligation of Greenbrier under the Management Agreement and Lender agrees to look solely to Greenbrier therefor as long as the Management Agreement is in effect, (d) the rights of the Borrower as owner of the Cars, (e) the rights of Lessor and Lessee and any sublessee as provided in the Lease Agreement, (f) Liens arising out of judgments or awards with respect to which an appeal or proceeding for review is being prosecuted and a stay of execution has been secured, and (g) salvage and similar rights.

(2) Sale or Lease of Collateral. Borrower shall not sell, assign, or transfer any interest in the Collateral or any part thereof unless consented to in advance and in writing by the Lender, which consent in the case of a sale following Lessee's exercise of its termination option pursuant to Section 21(b) of the Lease Agreement shall not be unreasonably withheld or delayed, and provided concurrently with such sale, assignment for transfer all indebtedness and other sums owed to Lender under the Note or any of the Agreements is paid to Lender in full.

(3) Impairment of Collateral. Subject to Lessee's rights under the Lease Agreement, Borrower shall not do anything whatsoever which materially impairs the value of the Collateral or the security interest intended to be granted herein.

(4) Registration and Possession. Borrower shall not change the country of registry or in any manner deliver, transfer, or relinquish possession of the Collateral, except under the Lease Agreement, without the prior written consent of Lender, except to any person, firm or corporation for the purpose of maintenance, service, repair, overhaul, testing, modification or alteration.

(5) Consolidation, Merger or Transfer. Borrower shall not consolidate with or merge into any other entity or transfer its property and assets substantially as an entirety to any person or entities unless concurrently with such consolidation, merger or transfer the transferee entered into an agreement in form and substance reasonably satisfactory to Lender assuming the obligations of Borrower under the Agreements and the Lease Agreement.

ARTICLE VI

EVENTS OF DEFAULT; DISPOSITION OF COLLATERAL AND APPLICATION OF PROCEEDS

SECTION 6.01. Events of Default. For the purposes of this Agreement, each of the following events shall constitute an event of default ("Event of Default"):

(a) Subject to the terms and conditions of Section 6.09 and Section 8.04 hereof, Borrower defaults in the payment, in whole or in part, of any installment of interest or principal or any other payment or amount due under the Note, the Loan Agreement or this Agreement when the same shall become due and payable, and such payment is not made by Borrower within forty-five (45) days after receipt of written notice by the Lender to the Borrower of such nonpayment;

(b) Lessee defaults in the payment, in whole or in part, of any installment of Assigned Rent or other payment (other than with respect to Excepted Property) under the Lease Agreement and such payment is not made by Lessee within forty-five (45) days after written notice to the Lessee of such nonpayment by the Borrower or the Lender or any other "Event of Default" pursuant to Section 17 of the Lease Agreement shall have occurred and be continuing for more than forty-five (45) days after written notice of such default shall have been given to Borrower. Lender agrees that any notice of default given by Lender to Lessee hereunder shall only be effective if it is also given simultaneously by like means to Borrower;

(c) There occurs an Event of Default under that certain Security Agreement and Assignment of Lease of even date between Borrower and Lender relating to Forty (40) 100-Ton Solid Bottom Woodchip Railroad Gondola Cars, or the loan agreement or note relating thereto (such other Security Agreement and Assignment of Lease and the loan agreement and note relating thereto are hereinafter collectively referred to as the "Other Loan"); subject to the terms and conditions of Section 6.09 and Section 8.04 thereof except that an Event of Default occasioned by Lessee's exercise of the Termination Option pursuant to Section 21.B of the Lease Agreement shall not be an Event of Default under this Section 6.01(c);

(d) Any representation or warranty made by Borrower in any of the Agreements proves to have been incorrect when made in any respect material to the rights of the Lender and shall remain material and the Borrower shall not correct such incorrect statement within thirty (30) days after receipt of written notice thereof by the Lender;

(e) Borrower shall fail to perform or observe any other term, covenant, agreement, or obligation on its part to be performed or observed in any of the Agreements and such failure is not remedied within forty-five (45) days after giving to Borrower of written notice thereof by Lender or in the case of Borrower's obligations under the Lease Agreement, within ninety (90) days after Lender's giving to Borrower written notice thereof;

(f) Borrower or the General Partner or either of the general partners of the General Partner makes an assignment for the benefit of creditors or is unable, or admits in writing its inability, to pay its debts as they become due, or commences a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking for itself any liquidation, arrangement, composition, reorganization, readjustment or similar relief under any present or future statute, law or regulation pertaining to insolvency or creditors' rights, or shall file any answer admitting the material allegations of a petition filed against it in any such proceeding or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, liquidator or similar official for itself or for all of any substantial part of its properties; or

(g) Within sixty (60) days after the commencement of any proceeding against Borrower or the General Partner or either of the general partners of the General Partner seeking any liquidation, arrangement, composition, reorganization, readjustment or similar relief under any present or future statute, law or regulation pertaining to insolvency or creditors' rights, such proceeding is not dismissed; or within sixty (60) days after the appointment, without the consent or acquiescence of Borrower or the General Partner or either of the general partners of the General Partner, of any trustee, receiver, liquidator or similar official of or for such entity or person or of all or any substantial part of its properties, such appointment is not vacated; or

(h) Borrower conveys, assigns, sells, or otherwise disposes of, or further mortgages, pledges, grants a security interest in or otherwise encumbers all or any part of the Collateral, without the prior written consent of the Lender except as permitted by Section 5.02(1) hereof.

SECTION 6.02. Acceleration of the Note If any Event of Default occurs and is continuing, Lender may, at any time at its option, by written notice to Borrower, declare the entire unpaid principal balance of the Note, together with accrued interest thereon, to be due and payable, without presentment, demand,

protest or other notice of any kind, all of which are hereby expressly waived, whereupon the same shall forthwith mature and become due and payable, and so long as the Borrower has not remedied all outstanding Events of Default, Lender may, subject to Lessee's rights under the Lease Agreement, proceed to exercise any rights or remedies that it may have under the Agreements or such other rights and remedies which Lender may have at law, in equity or otherwise; provided, however, that Lender shall not make any such declaration of acceleration if Borrower has (1) in the case of an Event of Default arising from a default in the payment of Fixed Rent, paid to Lender an amount equal to the installment of principal and interest on the Note included in such Fixed Rent plus interest on account of such payment being overdue or (2) in the case of an Event of Default arising from any other default by Lessee in the performance of its obligations under the Lease Agreement that can be cured by the payment of money, paid an amount sufficient to cure such Event of Default in either case within twenty (20) days after the later of (x) the receipt by Borrower of written notice from Lender, specifying such default and (y) the expiration of any grace period applicable to such default. Lender agrees not to exercise any remedy hereunder or under the Lease Agreement until the expiration of such twenty (20) day period. Any payment by Borrower pursuant to clause (1) above shall be deemed to remedy any such default in the payment of Fixed Rent and any payment on the Note arising therefrom and any performance by Borrower of Lessee's obligations under the Lease Agreement pursuant to clause (2) above shall be deemed to remedy any such default by Lessee under the Lease (but shall not relieve Lessee of any of its obligations under the Lease Agreement). In each such case Borrower shall be subrogated to the rights of Lender to receive such payment of Fixed Rent or other payment of money and the payment of interest on account of its being overdue and shall be entitled to receive such payment upon receipt by Lender.

SECTION 6.03. Judicial Proceedings, etc. If any Event of Default occurs and is continuing, Lender may in addition to, and not by way of limitation of, the exercise of its rights and remedies at law, in equity or under any of the Agreements: (a) apply to a court of competent jurisdiction to obtain specific performance or observance of any covenant, agreement or obligation on the part of Borrower to be observed or performed under any of the Agreements; (b) proceed to foreclose against the Collateral or any part thereof pursuant to this Agreement according to the laws of the jurisdiction or jurisdictions in which the Collateral or part thereof is located at such time, by doing any one or more of all of the acts described in Section 6.04 below and/or any of the following acts, as Lender in its sole discretion may then elect:

(a) exercise all the rights and remedies, in foreclosure and otherwise, available to secured parties under the Uniform Commercial Code or any other provisions of applicable law;

(b) institute legal proceedings to foreclose upon and against the lien and security interest granted in and by this Agreement, to recover judgment for all amounts then due and owing as indebtedness secured hereby, and to collect the same out of the Collateral or the proceeds of any sale thereof;

(c) institute legal proceedings for the sale under the judgment or decree of any court of competent jurisdiction of the Collateral or any part thereof wherever located;

(d) without regard to the adequacy of the security of this Agreement or to the solvency of Borrower, institute legal proceedings for the appointment of a receiver or receivers of the Collateral or any part thereof pending foreclosure hereunder or for the sale of the Collateral or any part thereof under the order of a court of competent jurisdiction or under other legal processes; or

(e) subject to Lessee's rights under the Lease Agreement, personally or by agents or attorneys, enter upon any premises where the Collateral or any part thereof may then be located, and take possession of all or any part thereof, and hold, store, repair and maintain, keep idle, lease or operate or otherwise use or permit the use of, the same or any part thereof, for such time and upon such terms as Lender, in its sole discretion, may deem to be in its own best interests, and demand, collect and retain all rent, earnings, and other sums due and to become due in respect of the same from any party whomsoever, and charging against all receipts from the use of the same or from the sale thereof, by court proceedings or pursuant to Section 3.04 hereof, all other proper and reasonable costs, expenses, charges, damages and other losses resulting from such use.

SECTION 6.04. Power of Sale. Subject to Lessee's rights under the Lease Agreement, Lender (or its agents) is hereby authorized and empowered, in accordance with applicable law and without being responsible for any reasonable loss or damage to the Collateral, to enter upon any premises where the Collateral or any part thereof may be located and take possession of and remove same. Lender may thereafter sell and dispose of, or cause to be sold and disposed of, all or any part of the Collateral at one or more public or private sales, at such places and times and on such terms and conditions as are commercially reasonable in the railroad industry and as Lender may deem fit. Any obligations of a prospective purchaser to inquire as to the power and authority of Lender to sell, or the application by Lender of the proceeds of sale or otherwise, which would otherwise be required by, or available to Borrower under applicable law are hereby expressly waived by Borrower to the fullest extent permitted by such law. Lender hereby agrees to give the Borrower written notice sent to it by telex, telegram, or facsimile transmission delivered to Borrower

at least fifteen (15) days prior to the date of any such act at Borrower's address as set forth on the first page hereof and the Borrower agrees that such notice shall be deemed to be reasonable notice under the Uniform Commercial Code and otherwise, and shall be binding on Borrower of such act and, specifically, reasonable notification binding on Borrower of the time after which any private sale or other disposition intended to be made hereunder is to be made.

SECTION 6.05. Lessee's Rights. Notwithstanding any of the provisions of this Agreement to the contrary, so long as the Lessee is in compliance with its obligations under the Lease Agreement (including applicable grace periods) and no Event of Default (as defined in the Lease Agreement) has occurred and is continuing unremedied, the Lender will not take any action contrary to the Lessee's rights under the Lease Agreement, including without limitation, the right to possession and use of the Cars. The Lender agrees that it will not possess, use, operate, store, lease, control, manage, sell, dispose of or otherwise deal with the Cars or any other Collateral except in accordance with the provisions of the Lease Agreement.

SECTION 6.06. Application of Proceeds. The proceeds of any sale or sales pursuant to this Article VI, any amounts realized by Lender from the exercise of remedies under Section 17 of the Lease Agreement and any Additional Rent payable under Section 18 or Section 20 of the Lease Agreement shall be applied in the following order of priority:

First, to the payment of any costs or expenses incurred by Lender (or its agents) in the sale, lease, disposition, or other realization of the Collateral, the discovery, location, satisfying liens and charges on, protection, taking possession of, repair, rehabilitation, storage, preparing for sale, of the Collateral or any part thereof, and all expenses, liabilities and advances made or incurred by Lender in connection therewith including but not limited to, Taxes upon or with respect to the sale, lease, dispositions or realization and the payment of Taxes and liens, if any, prior to the lien and security interest in this Agreement, all reasonable attorneys' fees, disbursements and court costs, and all brokers fees or commissions;

Second, to the payment of any interest accrued on the Note to the date of the receipt of such proceeds, and then to the unpaid principal, if any, on the Note; and

Third, to Borrower, or to such other person or entity as may be lawfully entitled to the remainder, or as any court of competent jurisdiction may direct.

SECTION 6.07. Matters Involving Manner of Sale.

(a) At any sale pursuant to this Article VI, whether by virtue of judicial proceedings or under the power of sale granted in this Article VI, it shall not be necessary for the Lender or its agents or any public official to have present physical or constructive possession of the Collateral or part thereof to be sold. Any sale hereunder of any of or all the Collateral or any interest therein shall, to the extent permitted by applicable law, be a perpetual bar against the Borrower with respect to such Collateral or interest therein, as the case may be.

(b) At any sale pursuant to this Article VI, Lender or its agents or any trustee of Lender may bid for or purchase any or all of the Collateral offered for sale, and may make payment on account thereof by using any claim for moneys then due and payable to Lender by Borrower under the Loan Agreement, the Note or any of the Agreements as a credit against the purchase price. The enforcement of any right or remedy shall not operate to bar or stop Lender from executing any other right or remedy available hereunder or otherwise available at law, in equity or otherwise.

SECTION 6.08. Exercise of Remedies. Lender shall not be entitled to exercise any remedy hereunder as a result of an Event of Default occurring solely as a result of one or more events of default under Section 17 of the Lease Agreement unless the Lender shall have commenced (or simultaneously commence) the exercise of one or more remedies described in Section 17 of the Lease Agreement.

SECTION 6.09. Rent Abatements. Lender acknowledges that Lessee may be entitled to certain abatements of Rent pursuant to Section 9F of the Lease Agreement and agrees that no Event of Default shall arise hereunder from a default by Borrower in the payment of principal and interest due on the Loan arising from such abatement of Fixed Rent and that under such circumstances Lender's sole recourse for any failure to receive any principal and interest otherwise due shall be against Greenbrier under the terms of the Management Agreement, and Lender shall have no recourse against the Borrower, the Collateral (except the Management Agreement to the extent assigned) or the Lessee.

ARTICLE VII

INSPECTION; FINANCIAL AND OTHER INFORMATION

SECTION 7.01. Inspection. Subject to Lessee's rights under the Lease Agreement, Borrower shall permit Lender or any agent designated by Lender, at Lender's expense, to visit and inspect the Collateral or any part thereof and the records, logs, ledger and other materials relating thereto and relating to the Lease Agreement, all upon reasonable prior oral or written notice at reasonable times and places and as often as Lender may reasonably request. Lender shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

SECTION 7.02. Financial and Other Information. Borrower also agrees to promptly furnish Lender, during the term of this Security Agreement, the following:

- (i) within ninety (90) days after the close of each of the first three (3) fiscal quarters of each fiscal year, Borrower's quarterly report filed with the Securities and Exchange Commission or Form 10Q;
- (ii) within one hundred twenty (120) days after the close of each fiscal year of Borrower, an audited balance sheet, profit and loss statement, and any other financial statement contained within the certified audited statement as of the close of such fiscal year;
- (iii) notice immediately after notice of an event which constitutes an Event of Default hereunder;
- (iv) immediately after notice to Borrower of the commencement thereof, notice in writing of all actions, suits and proceedings before any court, arbitrator(s) or governmental department, commission, board or other administrative agency, with respect to the Lease Agreement or the Collateral.

ARTICLE VIII

EVENT OF LOSS

SECTION 8.01. (a) Event of Loss Regarding the Cars. In the event that Borrower becomes aware that an Event of Loss as defined in 8.02 below shall have occurred, Borrower shall give Lender prompt written notice thereof and within (60) days after the giving of the aforementioned written notice, Borrower shall either: (i) advise Lender in writing (the "Replacement Notice") that it shall replace the Car or Cars subject to the Event of Loss (the "Replaced Item") with a Car or Cars of a type identical to the Car or Cars subject to the Event of Loss (the "Replacement Item") within one hundred and twenty (120) days after the date the Event of Loss occurred, and compatible with the Cars which are not subject to an Event of Loss, provided that the appraised market value of the Replaced Item shall be at least equal to the appraised market value of the Replacement Item on the date immediately preceding the date of the Event of Loss, or (ii) advise Lender in writing (the "Payment Notice") that it shall pay to Lender the lesser of (x) an amount equal to one-eightieth (1/80) of the then outstanding principal amount of the Loan at par with respect to each Car subject to an Event of Loss plus all accrued interest thereon or, (y) an amount equal to the "Destruction Value" of each Car subject to an Event of Loss as prescribed by Rule 107 of the AAR Interchange Rules if applicable or if Rule 107 is not applicable an amount equal to any loss proceeds received by Borrower from the Lessee, any governmental authority or any other third parties. Borrower shall pay to Lender any amounts payable under Section 8.01(a)(ii) within five (5) days of Borrower's receipt thereof. Upon any Event of Loss hereunder, Borrower shall promptly arrange for and pay all costs with respect to any independent appraisal which may be necessary hereunder, and such appraisal shall be dated no earlier than seven (7) days prior to the date any replacements are made hereunder and shall be delivered to Lender no later than the date such replacement is actually made. In the event that subsequent to delivery to Lender of the Replacement Notice, notwithstanding Borrower's good faith efforts to the contrary, Borrower is unable to perform the obligations set forth in Section 8.01(a)(i) above, Borrower shall be deemed to have elected to perform the obligations set forth in Section 8.01(a)(ii) above.

(b) Any replacement Car or Cars, and/or any other Collateral which is replaced hereunder which shall automatically upon such replacement be deemed to be a "Car" or "Cars" or any other "Collateral" hereunder, shall automatically and immediately be subject to all of the terms and conditions of this Agreement and all of the Agreements. Accordingly, Borrower agrees to promptly take such action and execute any and all documents as Lender may

Collateral shall be subject to the first priority security of this Agreement. Any loss proceeds with respect to a Car that is to be replaced shall be immediately paid over to, or retained by Borrower.

(c) Release of Collateral. Upon replacement of the Collateral subject to the Event of Loss or upon receiving monies in accordance with the terms and conditions of Section 8.01(a)(ii) above, Lender shall promptly execute and deliver to Borrower such instruments of satisfaction and discharge as may be necessary or desirable to release such Collateral from the security interest hereby created and to release or reconvey to Borrower such Collateral freed and discharged from any and all provisions contained in the Agreements.

SECTION 8.02. Event of Loss Defined. Event of Loss as used herein shall mean a "Loss" as defined in Section 11 of the Lease Agreement or the condemnation of, confiscation of, seizure of or requisition of title to such property by any governmental authority continuing for longer than a period (the "Loss Period") which ends as of the earlier of (i) the expiration of thirty (30) days after such condemnation, confiscation, seizure or requisition and (ii) the receipt of insurance or other proceeds with respect thereof; provided that if Lessee at its election, pursuant to the last sentence of Section 11 of the Lease Agreement, repairs any Car that has suffered an Event of Loss or if Lessee or Borrower recovers possession of any Car that has been condemned, confiscated, seized or requisitioned, no Event of Loss shall be deemed to have occurred.

SECTION 8.03. Application of Loss Proceeds. Lender shall apply any payments received by Lender on account of an Event of Loss with respect to any Car from Lessee, Greenbrier, any governmental authority or any third party, first to the payment of accrued interest (including interest on overdue principal, if any, and to the extent permitted by applicable law, overdue interest, if any) and second to the payment of outstanding principal of the Loan.

SECTION 8.04. No Event of Default. Notwithstanding anything set forth in this Agreement, the Loan Agreement or the Note to the contrary, Lender agrees that Borrower's failure to make any scheduled payment of principal or interest on any "Payment Date" (as that term is defined in Section 3.3 of the Loan Agreement) following the occurrence of an Event of Loss shall not be an Event of Default under this Agreement or the Note so long as Borrower shall not be in default of its obligations under Section 8.01 hereof and Lessee shall not be in default of its obligations under the second paragraph of Section 11 of the Lease Agreement.

ARTICLE IX
TERMINATION OPTION

SECTION 9.01. Exercise of Termination Option by Lessees. In the event that Lessee exercises its termination option pursuant to Section 21.B of the Lease Agreement, Borrower shall immediately notify Lender of same. Borrower agrees that all Seven Thousand Dollar (\$7,000.00) payments required to be made pursuant to Section 21.B(b) of the Lease Agreement shall be payable directly by Lessee to Lender on the Termination Date, as that term is defined in Section 21.B(b) of the Lease Agreement.

SECTION 9.02. No Event of Default. Notwithstanding anything set forth in his Agreement, the Loan Agreement or the Note to the contrary, Lender agrees that Borrower's failure to make any payments with respect to the Loan on any "Payment Date" (as that term is defined in Section 3.3 of the Loan Agreement) resulting solely from Lessee's exercise of the Termination Option shall not be an Event of Default under the Loan Agreement, this Agreement or the Note for sixty (60) days after the Termination Date provided that: (a) (i) within the aforementioned sixty (60) day period Borrower enters into a lease with respect to the cars (the "New Lease") that commences during said sixty (60) day period and is for a term at least equal to the remaining term of the Loan Agreement, (ii) the New Lease provides for monthly rental payments to be paid directly to Lender until the termination of this Agreement, the Note and the Loan Agreement in an amount per month, on a per Car basis, equal to at least the Second Half Fixed Rent (as that term is defined in the Lease Agreement), (iii) the New Lease is substantially similar to the Lease Agreement in all material respects, and (iv) Borrower shall have obtained the Lender's prior written approval with respect to the New lease, which approval shall not be unreasonably withheld or delayed; or, (b) within the sixty (60) days after the Termination Date Borrower shall have sold the Cars in accordance with the requirements of Section 5.02(2) hereof.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Assumption of Certain Obligations by Borrower. Borrower hereby acknowledges and agrees that, notwithstanding anything set forth herein to the contrary, in the event that subsequent to the sixtieth (60th) month of the Initial Term of the Lease Agreement Borrower assumes any or all of the obligations in connection with the management of the Cars which are currently the obligations of Greenbrier under the Management Agreement, including but not limited to responsibility for the maintenance, repair, taxes or insurance with respect to the Cars, Lender shall thereafter have the right to hold Borrower responsible for the failure to duly perform any such obligations.

SECTION 10.02. Waiver, etc. by Borrower. No delay on the part of Lender in exercising any power of sale, lien or option, or any other right or remedy hereunder, and no notice or demand which may be given to or made upon Borrower with respect to any such power, right or remedy, shall constitute a waiver thereof or limited or impair the right of Lender to take any other or similar action or to exercise any power of sale, lien or option, or any other right or remedy granted in this Agreement or otherwise available to the Lender; nor shall any single or partial exercise of any such power, right or remedy preclude any other or further exercise thereof or the exercise of any power, right or remedy granted in this Agreement or otherwise available to the Lender, or prejudice its rights against the Borrower in any respect. Each and every remedy of the Lender shall, to the extent permitted by applicable law, be cumulative and in addition to any other remedy granted hereunder or now or hereafter available to it at law, in equity or otherwise.

SECTION 10.03. Performance by Borrower. Lender agrees that performance of any of Borrower's obligations under this Agreement or the Lease Agreement by Greenbrier or by Lessee shall constitute performance by Borrower.

SECTION 10.04. Indemnification. Borrower does hereby assume liability for, and does hereby agree to indemnify, protect, save and hold harmless Lender and its successors, assigns, representatives, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including, but not limited to, reasonable legal fees, court costs and disbursements, of whatsoever kind and nature imposed on, incurred by or asserted against Lender or its successors, assigns, representatives, agents and servants (whether or not also indemnified against by any other person) in any way relating to or arising out of the Borrower's breach of any covenant or agreement

contained in this Agreement of any of the Agreements except any covenant or agreement requiring any payment whatsoever by Borrower to Lender. The indemnity set forth in this Section 10.03 shall continue in full force and effect notwithstanding the full payment of the Note.

SECTION 10.05. Expenses. Borrower agrees to pay promptly upon written request therefor (with supporting documentation when reasonably required or requested) in connection with the negotiation, preparation, execution and delivery of this Agreement, the loan Agreement, the Note and the Agreements the reasonable fees and out-of-pocket expense of Brandeis, Bernstein, counsel for Lender and the reasonable fees and out-of-pocket expenses of Andrew P. Goldstein, Esq., special ICC counsel, up to a maximum of \$5,000 in the aggregate. In addition, the Borrower shall pay any and all filing, recording, stamp and other similar fees and taxes payable or determined to be payable in connection with the execution and delivery of this Agreement, the Loan Agreement, the Note and the Agreements to be delivered hereunder, and agrees to save Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay same.

SECTION 10.06. Amendment, etc. Neither this Agreement nor any provision hereof may be amended, modified, waived, or discharged orally, but only by an instrument in writing signed by the parties hereto. No waiver by Lender of any breach or default of or by Borrower under this Agreement shall be deemed a waiver of any other or similar, previous, or subsequent breach or default.

SECTION 10.07. Borrower's Obligations Absolute. This Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time payment of the indebtedness secured hereby or any part thereof is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, as though such payment had not been made.

SECTION 10.08. Successor and Assigns. All the terms, provisions, conditions and covenants herein contained shall be binding upon and shall inure to the benefit of the Borrower and the Lender and their respective successors, permitted assigns and permitted transferees. Lender agrees that it will not assign any of its rights or powers under this Agreement, the Note or the Loan Agreement to any party unless it assigns all its rights and powers hereunder and thereunder, and Lender simultaneously transfers all its rights and powers under the Other Loan to the same party. Neither Borrower nor Lessee shall have any obligation to Lender or any assignee under the Note, this Agreement or the Loan Agreement if any rights hereunder or thereunder are assigned or transferred in violation of this Section 10.08. For the sake of clarity, it is expressly agreed that the preceding two sentences shall apply to

SECTION 10.09. Severability. This Agreement is intended to comply with the laws of the jurisdiction herein in which it is to be enforced, and any provisions hereof not so complying shall be deemed to be modified accordingly in the manner and to the extent which shall best effect the intentions and purposes reflected in and contemplated by this Agreement. Any provision of this Agreement prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be modified to conform with such laws, without invalidating the remaining provisions hereof; and any such prohibition in any jurisdiction shall not invalidate such provisions in any other jurisdiction. Any impairment or invalidity, under the laws of any jurisdiction, of this Agreement, in its capacity as security for any portion of the indebtedness of Borrower to Lender under the Agreements inclusive of the Note, or hereunder, shall not impair or invalidate this Agreement as security for any other portion thereof.

SECTION 10.10. Choice of Law. This Agreement, the Note and the Loan Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

SECTION 10.11. Place of Delivery. This Agreement, the Note the Loan Agreement and all Agreements shall be deemed to have been executed and delivered in New York State and executed copies, if any, mailed to Borrower or its counsel, shall be considered to have been mailed to such party or counsel for purposes of delivery in New York.

SECTION 10.12. Consent and Waiver. Borrower and Lender each expressly submits and hereby consents to the jurisdiction of the State of New York and the United States District Court for the Southern District of New York in any action, suit or proceeding commenced therein in connection with this Agreement, the Note, the Loan Agreement or any of the Agreements, and waives any objection to venue. Each of Borrower and lender hereby also waives personal service of any and all process or papers issued or served in connection with the foregoing, and agrees that any such process or papers may be served by mailing to it by registered or certified mail, postage prepaid, return receipt requested, directed to Borrower at its address set forth herein and simultaneously therewith sending a copy of such process or papers by overnight delivery service or carrier.

SECTION 10.13. Notices. Unless otherwise expressly set forth herein to the contrary, all notices and other communications required or desired to be given or made hereunder, shall not be deemed to be given unless given by registered or certified mail, return receipt requested, by United States Express Mail, or by private, overnight mail service (e.g., Federal Express, etc.) or by telex, telegram, or facsimile message to each of the parties at

their respective addresses set forth below:

If to Borrower:

CIS Capital Equipment Fund, Ltd. 2
880 Carrillon Parkway
St. Petersburg, Florida 33716
Attn: Michael Cole, Partnership Administration

If to Lender:

Oesterreichische Laenderbank, Grand Cayman Branch
767 Fifth Avenue
New York, New York 10153
Attn: Stephen M. O'Neill

and any notice or other communication given to Lender shall not be deemed given unless simultaneously therewith notice is given by like means to the following:

Brandeis, Bernstein
950 Third Avenue
New York, New York 10022
Attn: Clifford A. Brandeis, Esq.

and any notice or other communication given to Borrower shall not be deemed given unless simultaneously therewith notice is given by like means to the following:

Lord Day & Lord, Barrett Smith
25 Broadway
New York, New York 10004
Attn: James D. Tussing, Esq.

All notices and other communications given hereunder shall be deemed given when delivered or transmitted. Any addresses for notices to be given hereunder may be changed by giving notice in accordance with the terms of this Section 10.12.

SECTION 10.14. Power of Attorney. Borrower hereby irrevocably appoints Lender and its successors and assigns, the true and lawful attorney of Borrower (with the full power of substitution), in the name and place of Borrower, (a) to give any necessary receipts or acquittances for amounts collected or received hereunder, (b) to make all necessary transfers of all or any part of the Collateral in connection with any sale or other disposition thereof made hereunder after any Event of Default has occurred, (c) to execute and deliver for value all necessary instruments of negotiations, assignments and transfer pursuant to (b) above, (d) to make any filings under the Interstate Commerce Act, or to make any filing of financing statements necessary to protect Lender's security interest hereunder (but only in the event that Borrower fails to

do so within three (3) days after Lender's written request therefor), as Lender may reasonably deem desirable to fully protect its security interests hereunder, and for such purpose Borrower hereby authorizes Lender to effect any such filings or recordings without the signature of the Borrower to the extent permitted by applicable law, and (e) to file any claims or take any action or institute any proceeding which Lender deems necessary or advisable to protect its security interest in the Collateral. The above granted power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

SECTION 10.15. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, which shall be sufficiently evidenced by any of the such original counterparts.

SECTION 10.16. Possession and Use of Cars Until an Event of Default. Unless and until an Event of Default shall have occurred and be continuing, Borrower shall be permitted to use and enjoy all the Collateral and, except as otherwise expressly provided herein, to receive and use the rents, revenues, issues, earnings, income, products and profits thereof and therefrom.

SECTION 10.17. Withholding and Branch Taxes. Lender shall deliver to Borrower, a sufficient number of fully completed, accurate and duly executed withholding tax exemption certificates on Form 4224 (OMB No. 1545-0165) (or such successor form as may be required by the United States Treasury Department) on or prior to the execution hereof and periodically as required and shall immediately notify Borrower upon such certificates ceasing to be effective.

SECTION 10.18. Headings. The headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

SECTION 10.19. No Representations or Warranties as to the Cars. BORROWER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE, DESIGN, OPERATION, MERCHANTABILITY, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, PERFORMANCE OR FITNESS FOR USE OF THE CARS OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHTS, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE CARS OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE CARS OR ANY PART THEREOF WHATSOEVER.

SECTION 10.20. Entire Agreement. This Agreement, together with the other Agreements and the Notice of Assignment and

Acknowledgement represents the entire agreement of the parties hereto and supercedes all prior agreements and understandings of the parties with respect to the subject matter covered hereby.

SECTION 10.21. Acknowledgement. Lender acknowledges that CIS Equipment Management Corporation, one of the general partners of the General Partner, is a wholly-owned subsidiary of Continental Information Systems Corporation, a debtor and debtor-in-possession under the provisions of Chapter 11 of the United States Bankruptcy Code.

ARTICLE XI

NON-RECOURSE OBLIGATION

SECTION 11.01. All Payments Non-Recourse. All payments to be made by Borrower under the Agreements shall be non-recourse to Borrower. Anything in this Agreement or any of the other Agreements to the contrary notwithstanding, Lender and any holder of the Note agrees that it will look solely to the Collateral for payments to be made by Borrower under the Agreements and for the collection of any judgment arising out of or in connection with the Agreements and that Borrower shall not be personally liable to Lender or any holder of the Note for any amounts payable under the Note, this Agreement or the Loan Agreement and no property or assets of Borrower or any partner of the Borrower other than its interest in the Collateral shall be subject to lien, levy, execution or other enforcement procedure for the satisfaction of Borrower's obligations under this Agreement, the Loan Agreement or the Note.

IN WITNESS WHEREOF, the parties hereto have, by their indicated officers thereunto duly authorized, caused this Agreement to be executed as of the day and year first above written.

Borrower:

CIS CAPITAL EQUIPMENT FUND,
LTD. 2,
a California limited
partnership

By: CIS Investors Partnership,
a Florida general partnership,
its general partner

By: CIS Equipment Management
Corporation, a Delaware
corporation, a general partner
of CIS Investors Partnership

By: 

Name: PRINZLING
Title: ~~Sec V~~ President

Bank:

OESTERREICHISCHE LAENDERBANK
Grand Cayman Branch

By: _____

Title: _____

Date: _____

Witness: _____

By: _____

Title: _____

Date: _____

Witness: _____

ARTICLE XI

NON-RECOURSE OBLIGATION

SECTION 11.01. All Payments Non-Recourse. All payments to be made by Borrower under the Agreements shall be non-recourse to Borrower. Anything in this Agreement or any of the other Agreements to the contrary notwithstanding, Lender and any holder of the Note agrees that it will look solely to the Collateral for payments to be made by Borrower under the Agreements and for the collection of any judgment arising out of or in connection with the Agreements and that Borrower shall not be personally liable to Lender or any holder of the Note for any amounts payable under the Note, this Agreement or the Loan Agreement and no property or assets of Borrower or any partner of the Borrower other than its interest in the Collateral shall be subject to lien, levy, execution or other enforcement procedure for the satisfaction of Borrower's obligations under this Agreement, the Loan Agreement or the Note.

IN WITNESS WHEREOF, the parties hereto have, by their indicated officers thereunto duly authorized, caused this Agreement to be executed as of the day and year first above written.

Borrower:

CIS CAPITAL EQUIPMENT FUND,
LTD. 2,
a California limited
partnership

By: CIS Investors Partnership,
a Florida general partnership,
its general partner

By: CIS Equipment Management
Corporation, a Delaware
corporation, a general partner
of CIS Investors Partnership

By: _____
Name:
Title:

Bank:

OESTERREICHISCHE LAENDERBANK
Grand Cayman Branch

By: H. Hugo

Title: VP

Date: 7/11/89

Witness: Andrea Meier

By: Stephen M. O'Neill

Title: Vice President

Date: 7/11/89

Witness: Andrea Meier

EQUIPMENT MANAGEMENT AGREEMENT

This EQUIPMENT MANAGEMENT AGREEMENT (the "Agreement"), is made as of August ____, 1988, by and between GREENBRIER LEASING CORPORATION, a Delaware corporation ("Manager"), and CIS CAPITAL EQUIPMENT FUND, LTD. 2, a California limited partnership ("Owner").

RECITALS

WHEREAS, Owner has purchased from Manager certain railcar equipment identified in Schedule A attached hereto and incorporated herein by this reference (collectively, the "Equipment" and, individually, a "Car"), subject only to the terms of that certain Railroad Equipment Lease ("Original Lease"), dated as of September 20, 1984, by and between Manager, as lessor, and Westvaco Corporation ("Lessee"), as lessee, as amended and supplemented by that certain Amendment and Supplement to Railroad Equipment Lease ("Lease Amendment"), dated as of December 31, 1985, by and between Manager and Lessee (collectively, the "Lease"); and

WHEREAS, it is the parties desire for Manager to provide, among other things, certain management services and indemnifications for and with respect to the Equipment in consideration of the purchase of the Equipment by Owner and for Manager to perform all obligations of Owner under the Lease which are not normally performed by lessors under "triple net" leases.

NOW, THEREFORE, in consideration of the promises of Manager herein, the performance of Owner in acquiring the Equipment, and subject to the terms and conditions herein set forth, the parties hereto agree as follows:

I

ENGAGEMENT OF MANAGER

(a) Subject to and in accordance with the terms of this Agreement, Owner hereby engages Manager (i) to perform any and all obligations of the lessor under Sections 7, 9 and 12 of the Lease and (ii) to pay any and all sums of money payable by the lessor under such provisions of the Lease, and Manager accepts such engagement and agrees to perform any and all such obligations. Notwithstanding the foregoing, Owner shall retain (1) ownership of the lessor's interest in the Lease and ownership of the Equipment, and (2) the right to receive and direct the place of payment of all rents and monies payable to the lessor by the Lessee pursuant to the Lease with respect to the Equipment. In consideration of the acquisition of the Equipment by Owner from Manager, any and all obligations of Manager under this Agreement shall be at the sole expense of Manager.

Notwithstanding anything to the contrary contained herein, Manager shall have no power or authority to amend, waive, release, or compromise any provisions of,

or give any consents with respect to, the Lease as it relates to the Equipment; and, if Manager is not performing Manager's obligations under the terms of this Agreement, Owner may at any time elect to perform any of such obligations not being performed by Manager at the sole cost and expense of Manager without impairing the obligations of Manager under this Agreement. Without the prior written consent of or the written direction by Owner, Manager shall not (1) waive any inspections of the Equipment, (2) delete any Equipment from the Lease, (3) modify or add additional equipment to the Equipment, (4) enforce any default provision of the Lease, or provide any notices or instructions to the Lessee.

II

TERM

The term of this Agreement and the agency created hereby shall commence on the date of this Agreement and, unless terminated sooner as hereinafter provided, shall terminate for each Car leased under the Original Lease on February 4, 1990 and for each Car leased under the Lease Amendment on May 23, 1991. Notwithstanding anything to the contrary contained in this Agreement, in the event Manager breaches or fails to perform any of Manager's obligations under this Agreement, Owner may at its sole option upon five (5) days prior written notice to Manager, terminate this Agreement with respect to all or any portion of the Equipment. Termination of this Agreement by Owner shall in no way exculpate Manager from any liability caused by, resulting from, or arising in connection with any breach by Manager of the terms of this Agreement or failure by Manager to perform the obligations of Manager under this Agreement. Upon any termination of this Agreement, Manager shall promptly return to service at such location as Owner or Lessee may direct all Equipment in the possession of Manager at such time and return to Owner or such party as Owner shall designate all records relating to the Lease and/or the Equipment.

III

ADDITIONAL SERVICES

Manager shall provide and perform the following additional services for Owner's account, at Manager's sole cost and expense (except as otherwise provided herein), on behalf of Owner:

3.01. Equipment Registration and Regulatory Records.

Manager shall prepare all required documentation and take all other appropriate steps to register or keep registered the Equipment with any governmental or self-regulatory agency with jurisdiction over or keep registered the Equipment. Manager will maintain all necessary administrative and regulatory records relating to the Equipment, including those required by the Department of Transportation, the Federal Railroad Administration, the Association of American Railroads (the "AAR"), the Interstate Commerce Commission ("ICC"), and other federal and state regulatory agencies. Manager shall (1) cause such marks, legends, or placards to be placed on the Equipment as shall be appropriate or necessary to comply with any regulation imposed by any governmental or regulatory agency and (2) arrange for placards to be placed on the Equipment indicating that the Equipment is owned and Leased by Owner to Lessee.

3.02. Management of Equipment

(a) Except as limited by Section 1(b) of this Agreement, Manager shall manage the Equipment under the Lease and take such steps as may be required to ensure that all obligations and duties of Lessor arising under Sections 7, 9 and 12 of the Lease are performed or complied with in an orderly and timely fashion. Manager shall promptly notify Owner of (i) any default by the Lessee under the Lease and (ii) any request by the Lessee, or the necessity to replace or repair any car under the terms of the Lease. Manager shall promptly upon receipt by Manager forward to Owner any notices received from the Lessee with respect to the Lease or the Equipment. Manager shall use the standard of care set forth below in Section 3.03 in managing the Equipment and in otherwise complying with all of the terms of this Agreement.

(b) Manager will keep all funds payable under the Lease and received by Manager in trust in favor of Owner and promptly notify Owner of Manager's receipt of any such funds.

3.03. Maintenance of Equipment.

Manager will maintain and/or cause any Lessee to maintain the Equipment (including, without limitation, the repair or replacement of any part or component and/or any repair or replacement necessitated by any accident and/or other incident normally covered by all-risk hazard insurance) in a condition which shall at all times (including the date of any termination of this Agreement) be equal to or greater than the higher of: (a) the highest standard required or set forth for the Equipment or equipment of a similar class by any governmental agency and AAR interchange rules and regulations; (b) the standard set forth for the Equipment under the terms of the Lease; or (c) the highest standard Manager or its affiliates uses for substantially similar equipment owned by Manager or managed by Manager for third parties. Manager will also make all alterations, modifications, improvements, or additions to the Equipment in order to comply with applicable governmental and AAR interchange rules and regulations, or which, in the opinion of Manager and Owner, are otherwise necessary or advisable; provided, however, that no alterations, modifications, improvements, or additions shall be made without the consent of Owner.

3.04. Taxes and Charges.

Manager shall pay, or, to the extent the Lease requires a Lessee to pay, will take steps to cause each Lessee to pay, any and all taxes, assessments and other governmental charges, or levies imposed upon, against, or with respect to the use and operation of the Equipment or the Lease of any kind or nature whatsoever (other than income taxes of Owner payable on the rental income from the Lease). Manager shall, at sole cost and expense, prepare or cause to be prepared any and all tax reports required by Section 7 of the Lease, and at Manager's discretion and expense, Manager shall defend against any taxes, assessments or levies and seek reversal or appeal from any tax, assessment or levy deemed improper, with all such action in the name and on behalf of Manager and Owner. Manager shall also furnish factual information reasonably requested by Owner in connection with federal, state, and other tax returns in connection with the Equipment.

3.05. Records and Reports.

Manager shall monitor movement of the Equipment to the extent reasonably practical and in conformance with industry standards, maintain complete and accurate

records of all transactions relating to the Equipment, and make such records available for inspection by Owner or any of Owner's representatives during normal business hours of Manager. Within thirty (30) days after the end of each calendar quarter, Manager shall furnish a report to Owner showing all income and expense items with respect to the Equipment for such quarter.

3.06. Brokers.

Manager shall pay all fees and commissions of any and all brokers contracted for by Manager in connection with the Equipment, the Lease, and/or the transactions contemplated by this Agreement. Manager and Owner represent and warrant to each other that it has used no broker in connection with the purchase of the Equipment by Owner from Seller or in connection with the execution and delivery of this Agreement.

3.07. Miscellaneous.

Manager shall perform for Owner such other services incidental to the foregoing as may from time to time be necessary in connection with the leasing and operation of the Equipment by Lessee pursuant to the Lease.

IV

COMPENSATION OF MANAGER

Manager agrees to perform the services referred to herein in consideration of Owner's acquisition of the Equipment and Manager shall not be entitled to any further fees, monies of any kind or reimbursement for any expenses.

V

AGENCY

It is expressly recognized and acknowledged that this Agreement is not intended to create a partnership, joint venture, or any other entity between Manager and Owner. It is also expressly understood that any actions taken on behalf of Owner by Manager will be taken as agent for Owner, either naming Owner or naming Manager as agent for an undisclosed principal. Manager shall take no action and engage in no course of dealing which would suggest that there exists a partnership, joint venture, or other entity between Owner and Manager and shall use its best efforts to ensure that no silence or failure to act on its part creates or sustains any such suggestion or inference.

VI

INDEMNIFICATION

(a) Manager shall save, defend, indemnify, and hold Owner and its officers, directors, employees, and agents harmless from and against, and does hereby release Owner and its officers, directors, employees, and agents from, any and all claims, suits, damages, expenses (including attorneys' fees and expenses), losses (including loss of profit and bargain), or liabilities (other than those caused by the gross negligence or willful misconduct of Owner), now or hereafter incurred by or asserted against Owner or its officers, directors, employees, and agents arising out of, in connection with, or as a result of: (i) the storage, management, maintenance, or repair of the Equipment including, without limitation, claims for injury to or death of persons,

loss of or damage to property (including the Equipment), and economic loss due to the unavailability for use of the Equipment, whether occurring prior to, on, or after the date of this Agreement; (ii) failure of Manager to perform, or breach by Manager of, any obligations of Manager under this Agreement; and (iii) the failure of any Lessee to pay rentals or other sums under the Lease due to the failure of Manager to perform its obligations under this Agreement or as a result of any other defense, set off, or counterclaim claimed by Lessee arising by, through or under the acts or failure to act by Manager, including but not limited to an abatement of rent by Lessee pursuant to the terms of Section 9F of the Lease.

(b) The indemnifications set forth in this Agreement shall survive any termination of this Agreement.

VII

NOTICES

Any notice required or permitted hereunder shall be in writing and shall be deemed given if personally delivered, sent by telecopy, sent by overnight courier, or dispatched in any post office of the United States by registered or certified mail, postage fee prepaid, addressed to the other party as follows:

If to Manager:

GREENBRIER LEASING CORPORATION
One Centerpointe Dr.
Lake Oswego, OR 97035
Attn: President

If to Owner:

CIS CAPITAL EQUIPMENT FUND, LTD. 2
1160 Battery Street
San Francisco, California 94111
Attn: Vice President - Finance, Capital Equipment Group

or any other address which may be given by either party by notice in the manner provided in this Article. Any notice given hereunder shall be deemed delivered on the earlier to occur of the date when received or five (5) days after its deposit if sent by the United States mail.

VIII

MISCELLANEOUS

2.01. Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without regard to any provision or rule of law which would require the application of the law of any state other than California.

8.02. Entire Agreement and Amendments.

The terms of this Agreement are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings, if any, involving this Agreement.

8.03. Successors and Assigns.

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that no assignment of the rights or obligations of Manager shall be valid and effective against Owner without the prior written consent of Owner. Without notice to or consent of Manager, Owner may transfer, sell, assign, convey, pledge, or encumber, or grant a security interest in this Agreement, the rights and obligations of Owner under this Agreement, the Equipment, or the Lease, and the term "Owner" as used in this Agreement includes any such party.

8.04. Other Customers of Manager.

Manager may provide services which are the same or similar to the services to be provided hereunder to any person or organization not a party to this Agreement, regardless of whether or not such other person or organization is in competition with Owner. In particular, Manager shall be entitled to manage identical equipment to that managed under this Agreement under a similar management agreement with another owner or for itself.

8.05. Waiver.

The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of a like or different nature.

8.06. Severability.

If any term or provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and unenforceable to the fullest extent permitted by law.

8.07. Power of Attorney.

Owner hereby constitutes and appoints Manager, with full power of substitution, Owner's true and lawful agent and attorney-in-fact, for and in Owner's name, place, and stead, to make, execute, sign, acknowledge, swear to, deliver, record, and file any and all registration documents, lease agreements, work orders, repair or maintenance agreements, insurance applications or requests, tax returns, and any and all other documents or instruments, and to do all other acts and things, which may be necessary to carry out the provisions of this Agreement. Owner hereby ratifies and confirms all that said agent and attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

8.08. Arbitration.

If Owner and Manager shall disagree on the interpretation or enforcement of any provision of Section 3.03 of this Agreement, Owner and Manager shall submit such disagreement to binding arbitration. Owner and Manager shall each select one (1) arbitrator who shall jointly select a third arbitrator. The third arbitrator shall be approved by the American Arbitration Association and shall be experienced in railcar management and maintenance. The decision of this third arbitrator shall be made with thirty (30) days of his selection and shall be binding on Owner and Manager. Owner and Manager shall pay the costs and expenses of the arbitrator selected by each such party and shall share equally the costs and expenses of the third arbitrator.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

MANAGER:

GREENBRIER LEASING CORPORATION

By: _____

Name: _____

Title: _____

OWNER:

CIS CAPITAL EQUIPMENT FUND, LTD. 2,
a California limited partnership

By: CIS Investor Partnership, a Florida
general partnership, its general
partner

By: CIS Equipment Management
Corporation, a Delaware
corporation, its general
partner

By: _____

Name: _____

Title: _____

Schedule A

Description of Equipment

<u>Number of Cars</u>	<u>Description</u>	<u>Identifying Mark and Numbers</u>
120	All steel 100 ton solid bottom woodchip gondola cars having a cubic capacity of 7452 cubic feet	Within the range WVCX 2000 - 2119

EXHIBIT B

WARRANTY BILL OF SALE

Greenbrier Leasing Corporation, a Delaware corporation (the "Seller"), for and in consideration of the payment of _____ Dollars (\$ _____) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, and transfer to CIS Corporation, a New York Corporation (the "Buyer"), its successors and assigns, the property described below:

Description of the Equipment:

<u>Quantity</u>	<u>Manufacturer</u>	<u>Description</u>	<u>Road Numbers</u>
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TOGETHER WITH (a) all parts, fittings, appurtenances, accessories, attachments, and accessions installed in or attached to the foregoing property and (b) any and all insurance policies, certificates, maintenance records, manufacturer's warranties, indemnity agreements, precautionary financing statements, and other documents and agreements in the possession of the Seller relating to or in connection with any of the foregoing.

All of which property has been delivered by the Seller to the Buyer and accepted by the Buyer from the Seller on this day.

TO HAVE AND TO HOLD such property to the Buyer, its successors and assigns, forever.

The Seller hereby covenants and warrants that the Seller is the owner of such property, the Seller is hereby conveying to the Buyer all of the Seller's rights, title and interest in such property, that the Seller's title is good and marketable, and that such property is free of all claims, charges, leases, liens, and encumbrances created by, through or under the Seller other than the lease of the property to Westvaco Corporation.

EXCEPT AS EXPRESSLY STATED HEREIN, THE PROPERTY IS BEING SOLD "AS IS, WHERE IS", WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITION OF THE PROPERTY OR ITS MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH ALL FAULTS RELATING THERETO, WHETHER KNOWN OR UNKNOWN, LATENT OR PATENT, AND WITH THE BUYER HAVING HAD FULL OPPORTUNITY FOR

INSPECTION AND DETERMINATION OF CONDITION, TITLE AND ALL OTHER
MATTERS RELATING THERETO.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed by
its duly authorized representative this _____ day of August, 1988.

GREENBRIER LEASING CORPORATION

By: _____

Title: _____